

**KIRKLAND & ELLIS LLP**

AND AFFILIATED PARTNERSHIPS

200 East Randolph Drive  
Chicago, Illinois 60601

Christopher J. Esbrook  
To Call Writer Directly:  
312 861-2032  
cesbrook@kirkland.com

312 861-2000

www.kirkland.com

Facsimile:  
312 861-2200

November 1, 2006

Via U.S. Certified Mail (Return Receipt Requested)  
and Via Facsimile

F.A.Y. Properties, Inc.  
Attn: Nathaniel I. Grey  
P.O. Box 6615  
Chicago, IL 60680

Re: *3155 N. Broadway Avenue, Chicago, IL 60657, Lease*

Dear Mr. Grey:

This correspondence provides you notice that R. J. Reynolds Smoke Shop, Inc. and R. J. Reynolds Tobacco Company (hereafter "R. J. Reynolds") are hereby terminating the Store Lease for 3155 North Broadway Avenue, Chicago, Illinois, 60657, effective immediately. Additionally, R. J. Reynolds requests that F.A.Y. Properties promptly refund all rents and other amounts that R. J. Reynolds has paid.

R. J. Reynolds has complied with the requirements of the Store Lease. Additionally, to the extent commercially possible, R. J. Reynolds has tendered insurance certificates that comply with Section 26 of the Store Lease. Despite R. J. Reynolds' compliance, F.A.Y. Properties has failed to tender possession of the premises to R. J. Reynolds by September 15, 2006, as required by Section 21 of the Store Lease.

The Store Lease clearly states that the remedy for F.A.Y. Properties' failure to tender possession of the premises by September 15, 2006, is termination of the lease and refund of rents paid. Accordingly, R. J. Reynolds invokes the termination clause of Section 21 of the Store Lease and provides this notice that R. J. Reynolds terminates the Store Lease and demands a refund of all rents and other amounts paid.

EXHIBIT

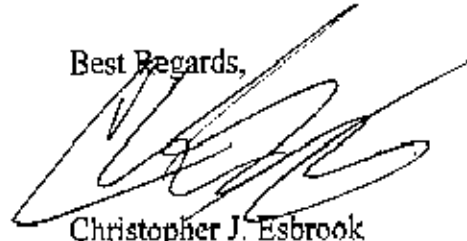
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KIRKLAND & ELLIS LLP

Nathaniel I. Grey  
Jordan A. Grey  
November 1, 2006  
Page 2

Nothing in this letter shall be deemed to constitute a waiver of any right or remedy R. J. Reynolds may have in any court of law or equity.

Best Regards,

A handwritten signature in black ink, appearing to read "Chris Esbrook", written over the typed name.

Christopher J. Esbrook

CJE/tyr

cc Grey, Grey & Baltz  
Attn: Jordan A. Grey  
11 South LaSalle Street, Suite 1320  
Chicago, IL 60603

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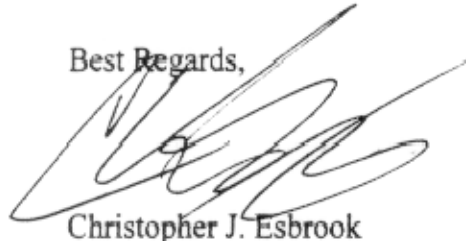
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